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Eighth Special Session

SUMMARY RECORD OF THE 460TH MEETING

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President: Mr. LAGERFELT (Sweden)

CONTENTS

Review and appraisal of the implementation of the International Development Strategy, the Declaration and the Programme of Action on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States, and General Assembly resolution 3362 (S-VII) on development and international economic co-operation (agenda item 2) (continued)

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REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY, THE DECLARATION AND THE PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER, THE CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES, AND GENERAL ASSEMBLY RESOLUTION 3362 (S-VII) ON DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (agenda item 2) (TD/B/642 and Add.1 and 2, TD/B/646, TD/B(S-VIII)/CRP.1, TD/B(XVI)/CRP.5, TD/B(XVII)/CRP.1) (continued)

1. Mr. EL SHAFEI (Egypt) said that it was essential to review the aims and underlying philosophy of the International Development Strategy. The 1970s had been marked by economic recession and a consequent decline in the rates of development of developing countries, which had fallen short of the targets set in the Strategy. General Assembly resolutions 3201 (S-VI), 3202 (S-VI), 3281 (XXIX) and 3362 (S-VII) now constituted the basis for efforts by the international community to achieve greater equity in international economic relations and to allow developing countries fully to exercise their sovereign rights to exploit their raw materials, to derive the full benefit of the income therefrom and to enjoy freedom from outside intervention by former colonial Powers and multinational corporations. A new international economic order was particularly needed in order to make good the evils of the past and to assist countries which had formerly suffered from colonialism and racial and other discrimination.

2. In the two remaining decades of the twentieth century, the development strategy must be adapted to the requirements of the new international economic order. The reports in documents TD/B/642 and Add.1 and 2 clearly showed that the goals of the Strategy were far from attained, particularly with regard to the overall growth and volume of the trade and the terms of trade of the developing countries. The 0.7 per cent target for development aid had not been reached, nor had there been any progress in creating a link between SDRs and development assistance. Development efforts had been hampered by the increased proportion of monetary resources in development aid and the decline in the value of many currencies. Low-income countries, in particular, were experiencing balance-of-payments deficits and an extremely heavy debt-servicing burden. In addition, the Conference, at its fourth session, had failed to adopt measures which could have been of vital importance for the development of those countries, particularly in the areas of compensatory financing, debt rescheduling and the strengthening of international credit arrangements.

3. In those circumstances, it was to be hoped that worldwide solutions to the many problems facing developing countries could be found, and his delegation therefore eagerly awaited the outcome of the Paris Conference on International Economic Co-operation and of the multilateral trade negotiations. There was an obvious link between the success of those negotiations and the implementation of the International Development Strategy, and the developed countries must therefore increase their efforts to fulfil the commitments which they had undertaken in the Tokyo Declaration, particularly by providing preferential treatment for imports, including textiles, from developing countries.

4. Particular measures were needed, in accordance with General Assembly resolution 31/178, to assist countries subjected to foreign aggression and occupation, racial discrimination, apartheid, colonialism and neo-colonialism, although the report by the Secretary-General of UNCTAD made no mention of the situation in those countries. Another group for which special measures were required was that of the least developed countries, the solution of whose problems lay at the very heart of international economic development and stability.

5. Mr. HAUGESTAD (Norway) noted with regret that little progress had been made towards the goals set in the International Development Strategy and that the gap between rich and poor countries was widening. The Norwegian Government supported the establishment of a new international economic order and was ready to co-operate in UNCTAD and other international organizations in efforts to agree on measures which would bring greater stability and equity to the world economy. A willingness to discuss and decide the structural changes required might be the single most important contribution which the international community could make towards the fulfilment of the objectives of the Strategy.

6. It was regrettable that, while developing countries faced a steadily increasing burden of debt servicing, the total transfer of resources in real terms was tending to stagnate. The Norwegian Government, which regarded the acute financial problems facing developing countries with serious concern and had attained the 0.7 target for official development assistance in 1976, had proposed for Parliamentary approval a gradual increase in Norway's official development aid programme to enable it to reach the 1 per cent target in 1978 and, by annual increases in the total aid budget of 0.1 per cent of GNP, to attain the figure of 1.3 per cent by 1981. Norway supported the establishment of international arrangements to offer immediate relief to developing countries suffering from a heavy debt burden.

7. Developing countries would not be able to achieve stable export earnings and steady growth until agreement could be reached on an efficient stabilization system for commodities. The Integrated Programme for Commodities was the most ambitious and important venture under negotiation as part of the new international economic order, and despite the failure to reach agreement at the Negotiating Conference on a Common Fund, the Norwegian Government hoped that agreement could be reached on the political guidelines needed for a resumption of negotiations later in 1977. To that end, the Ad Hoc Intergovernmental Committee would have to review the negotiations under way and any major outstanding problems would have to be brought to the attention of the Board when it met at ministerial level.

8. Any substantial increase in the standard of living of poorer countries would have to be based on a broadly diversified and technologically adequate economy. That assumed the restructuring of the international economy to enable developing countries to obtain a greater share of the world market for goods and services, as well as the adaptation of the developed countries' production. With regard to the generalized system of preferences, the Norwegian scheme had recently been extended and further extensions were under consideration, while the least-developed countries were offered duty-free access to the Norwegian market for all their products. Developing countries had not taken full advantage of the system, however, and the Norwegian Government had therefore established an import promotion office to assist them. It had also decided in principle to assist in any restructuring of Norwegian industry which might be required as a result of increased imports from developing countries.

9. Increased access to markets could also be expected to result from the multilateral trade negotiations. The Norwegian Government considered that the most-favoured-nation principle could be combined with the principle of preferential treatment for developing countries and was prepared to give continued support to the inclusion in the General Agreement of a permanent set of obligations concerning relations between rich and poor countries.

10. In the longer term, the code of conduct for the transfer of technology would be an important instrument for promoting know-how in the developing countries. It was important, however, to ensure that the code agreed upon would not be such as to discoura active participation in it of the main providers of technology.

11. In order to strengthen Norway's industrial co-operation with developing countries, a new financing facility would be made available for projects involving Norwegian industry in those countries.

12. Increased diversification of the economies of the developing countries should include greater participation of those countries in the shipping sector. Norway had declared its readiness to reserve 40 per cent of liner conference cargoes in trade with the developing countries for ships of those countries. It could not, however, support the system of bilateralism set out in the Code of Conduct for Liner Conferences, since in that instrument preferential treatment was also accorded to highly industrialized countries.

13. It was clear that the development process under consideration would be successful only if it was actively supported by a large number of the industrialized countries. It was equally clear that the final results would depend upon the skill demonstrated by the developing countries themselves in steering their national economic and social processes. The members of UNCTAD were engaged in a strategy of common responsibility for solving social injustices. While the common responsibility lay with Governments, the ultimate objective of UNCTAD's efforts was the well-being of individuals. The Governments of developing countries had a special responsibility to ensure a just and equitable distribution of national resources, avoid undue discrepancies in income, supply the basic needs of individual citizens and safeguard human rights.

14. The new international economic order was based on the concept of one world community. Given the dissimilarity between countries' social and economic conditions, gains could be made through closer co-operation between developing countries with similar or complementary needs and abilities. To the extent that the concept of collective self-reliance could be promoted by such co-operation and could strengthen the economic and political role of the developing countries in their broader co-operation with the rest of the world, that concept should be encouraged and supported. Success for the new international economic order depended on the will to advance through co-operation between all countries.

15. Mr. ENE (Romania) said that both the representative of Egypt, speaking on behalf of the Group of 77 (at the 458th meeting), and the Secretary-General of UNCTAD, in the documents he had submitted to the Board, had referred to the failure of the International Development Strategy. In the opinion of his delegation, the Strategy had failed because the developed countries had not assumed their share of responsibility for its implementation. The starting point of the Strategy had been general awareness of the interdependence of developing and developed countries and of the fact that international co-operation for development was the common duty of all countries. Yet, it was only the developing countries that took any initiative to implement the Strategy.

16. In the past three years, the concept of development as formulated in the Strategy had been enlarged and elaborated in such documents as the Declaration and Programme of Action on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States and General Assembly resolution 3362 (S-VII).

In addition, the Manila Declaration and Programme of Action, the decisions taken by the Conference at its fourth session and the proposals relating to the Integrated Programme for Commodities and the common fund had been designed to afford a framework for genuine international co-operation in solving the pressing problems facing the world economy.

17. The efforts of the Group of 77 to achieve a breakthrough in implementation of the Strategy and the other international documents to which he had referred had, however, met with opposition, and there had been a lack of political will to enter into the commitments necessary to bring about an improvement in the world economy. Attempts had been made to keep some international organizations, such as the Economic Commission for Europe, isolated from the global efforts required of the United Nations system as a whole for achievement of the objectives of the International Development Strategy. There had also been a tendency to create new structures outside the United Nations to consider world economic problems in which all nations and peoples were equally interested. The Strategy would remain meaningless unless all countries demonstrated the political will to contribute towards its implementation; in the absence of understanding and co-operation among all States, both developed and developing, it could not succeed.

18. In view of the interdependence of all countries, it was clear that in the implementation of the Strategy full account must be taken of the principles of the new international economic order. The fact that that order had yet to be achieved had had a detrimental effect on implementation of the Strategy. Economic instruments of domination and exploitation were still in existence. The activities of transnational corporations adversely affected international trade, particularly that of the developing countries. Some parts of the world were still subject to outside interference, a fact which generated tension among countries and peoples. The arms race, particularly in the nuclear field, not only endangered international peace and security but also frustrated the purposes and objectives of the Strategy, which envisaged the transfer of substantial resources to the developing countries through disarmament. New forms of economic discrimination had been introduced in international trade which had had the effect of increasing the imbalance among countries and adding to the public debts of the developing countries. Obstacles were placed in the way of access by those countries to science and technology and attempts were being made to divide the developing world through discriminatory treatment of individual countries. It was clear, therefore, that the Strategy could not be implemented until resistance to the establishment of a new international economic order had been broken down. Nothing short of a complete restructuring of international economic relations would place developing countries in a position to achieve an acceptable level of development.

19. Responsibility for achieving economic development and ensuring social justice undoubtedly lay, in the first instance, with the developing countries themselves. It was, however, only within an international framework that national efforts could become truly efficient. That meant that the developed countries, which shared the developing countries' interest in change, must be prepared to make many more compromises than the developing countries in order to achieve that change.

20. His delegation fully agreed with the Secretary-General of UNCTAD that the essential ingredients of a reshaped global development strategy were the national development strategies of individual countries, the international measures required to provide adequate support for national development efforts and the strengthening and acceleration of the development process on the basis of the collective self-reliance of Third World countries. Those three elements must constitute the pillars of the new international development strategy for the third United Nations development decade, which must be implemented in keeping with the requirements of the new international economic order. The new approach would require more definite institutional international machinery to direct the efforts of all countries towards achievement of the main objectives of the Strategy. In the opinion of his delegation, UNCTAD had at its disposal the necessary mechanism to enable it to contribute towards implementation of the Strategy. What was still required was that all countries should provide proof of their political will and determination to implement the agreements and commitments they had entered into.

21. Mr. LAZOVIC (Yugoslavia) said that there was undoubtedly a need to restructure international economic relations through the establishment of a new international economic order and thus provide enduring solutions to the world's economic problems. The weakness of the International Development Strategy had been revealed. It had been proved that the development of developing countries could not be achieved by integrating those countries into the existing world economic system. It had also been proved that the economic expansion of the developed countries could not, by itself, lead to a similar economic expansion of the developing countries.

22. The current world economic situation was characterized by the collapse of the post-war monetary system, the emergence of restrictive and protectionist policies in world trade, spiralling inflation, recession and mounting unemployment. The economic conditions of most developing countries continued to deteriorate and the widening gap between them and the developed countries continued to be a source of tension and conflict. The prevailing economic crisis had served to underline the interdependence of the constituent elements of the world economy and had provided the necessary impetus for the development of the new international economic order. Instead of concentrating on measures within the existing institutional framework, as did the Strategy, the aim of the new order was to restructure the institutional framework itself.

23. The Strategy, as it had been conceived at the beginning of the decade, had been a positive contribution to the evolution of international action for development. In the circumstances prevailing at that time, it had constituted a new departure, a commitment to policies designed to promote the development of the developing countries. It was important to bear in mind that the Strategy had been conceived as a dynamic process involving continuing review to identify shortfalls and to recommend policy measures, including new goals and policies as needed. Allowance had therefore been made in the Strategy for introducing new concepts and aims. As the General Assembly had stated in its resolution 3202 (S-VI), the Programme of Action on the Establishment of the New International Economic Order complemented and strengthened the goals and objectives embodied in the International Development Strategy. It was thus clear that the strategy for the third United Nations development decade should be devoted in its entirety to the establishment of the new international economic order as provided for in the resolutions adopted by the General Assembly at its sixth and seventh special sessions and in the Charter of Economic Rights and Duties of States.

24. His delegation agreed with the Secretary-General of UNCTAD that existing international development policies had largely failed to achieve their stated objectives. There was still strong resistance on the part of a number of developed countries to implementation of United Nations resolutions; the achievements of the Conference at its fourth session had fallen far short of the expectations aroused by the sixth and seventh special sessions of the General Assembly; the Negotiating Conference on a Common Fund had provided proof of the lack of political will to follow up even those decisions of the Conference at its fourth session that had been adopted by consensus; no headway had been made at the Paris Conference on International Economic Co-operation; the process of restructuring the international monetary system had come to a halt; and the external public debt of the developing countries had amounted to some $100 to $190 billion at the end of 1976. Despite those setbacks, his delegation believed that common sense would prevail and that a sound basis would be provided for the continuation of negotiations. It was important that the negotiations in Paris and within the United Nations, particularly those undertaken in UNCTAD in connexion with the Integrated Programme for Commodities and the establishment of a common fund, should succeed.

25. The developing countries were determined to secure their legitimate economic rights in international dealings through the use of their collective bargaining strength. They were fully committed to the establishment of the new international economic order, and believed that the negotiations under way should not be used as a pretext for delaying necessary action and decisions. The Colombo Summit Conference of Non-Aligned Countries had provided a clear expression of the determination of those countries to give effect to the principle of collective self-reliance.

26. In conclusion, he expressed the hope that all countries would co-operate in endeavours to transform the world economic structure, for the principles of the new economic order were in the interest of all.

27. Mr. PANKIN (Union of Soviet Socialist Republics) said that his delegation fully shared the views expressed by the representative of Poland on behalf of the group of socialist countries at the 459th meeting.

28. The matters before the Board at the present session were of special interest to his country. The statements by the leaders of the Soviet Union at the twenty-fifth session of its Communist Party had shown a willingness to support in every way progressive trends towards a restructuring of international economic relations on the basis of equal rights and mutual benefit; the liquidation of colonialism in the economic field; the strengthening of economic independence and the creation of conditions that would enable the developing countries to overcome their economic backwardness and protect their legitimate interests against neo-colonialist policies. His delegation therefore favoured appropriate action by the Board at its present session in support of implementation of the resolutions of the General Assembly.

29. At the present session, the Board was called upon to review the progress achieved in implementing the recommendations of the General Assembly and the effectiveness of its efforts would depend largely on identification of the root causes of the difficulties being experienced in international economic relations and in the economic development of the new States. His delegation believed that the ideas put forward in the report by the Secretary-General of UNCTAD (TD/B/642 and Add.1) deserved consideration and should be utilized in the preparations for further action.

30. His delegation's approach to the issues before the Board could not be separated from the experience of the Government of the Soviet Union. Of the 60 years that had elapsed since the October Revolution nearly 20 had been taken up by a period of the destruction and subsequent reconstruction of his country. Thus the basis from which the Soviet people had begun their efforts towards socialism were quite reminiscent of the current problems of the developing countries. His country, too, had been concerned with the achievement of economic independence and with improving a low level of production and culture in a backward society inherited from the Tzarist régime. The Soviet people had been eminently successful in overcoming those obstacles and that had enabled it to build a powerful country in a relatively short time.

31. Economic and social change, both quantitative and qualitative, had played a prominent part in the progress made in those 60 years. A new society of developed socialism had been built by involving all the workers in the decision-making process and mobilizing their contribution for the sake of the nation as a whole. By regarding man and his work as the primary factor, the Soviet Union had ended exploitation and made possible the creative development of all members of society.

32. The joint statement made earlier on behalf of the socialist countries gave their views on how the relevant General Assembly resolutions should be implemented. Those countries had not confined themselves solely to supporting the legitimate efforts of peoples to achieve their national independence but had constructed their whole system of economic relations with the developing countries so as to support those countries' efforts to achieve economic independence. During the first half of the 1970s, their trade with the developing countries had increased more than two-fold and their economic and technical co-operation with the developing countries had also greatly increased.

33. The effectiveness of such support could not be assessed in purely quantitative terms. In fact, his delegation considered quite unacceptable any quantitative assessment of the contribution of individual countries to projects carried out in co-operation with the developing countries. Such an approach ignored the main question of the ultimate effect of such operations on the developing countries themselves. His Government did not seek to obtain concessions from those countries or to establish control over their natural resources. Furthermore, it was in no way responsible for the multi-billion dollar annual losses incurred by the developing countries through transfers of profits and dividends as a result of investment of private capital. That major distinction should not be forgotten in any comparison of the economic relations between the developing countries and the socialist countries with those between the developing countries and the capitalist countries. If that difference was not taken into account, one could not speak of the degree of responsibility of individual countries or groups of countries for the unsatisfactory implementation of General Assembly decisions on major international economic problems.

34. The Soviet Union and the other socialist countries were doing their utmost to promote the restructuring of international economic relations on an equitable and democratic basis.

35. The representative of Egypt, in commenting in his second statement, on the joint declaration by the socialist countries, had suggested that those countries deemed it premature to try to formulate specific recommendations on the guidelines for and contents of the strategy for a third development decade. In fact, the socialist countries were not unaware of the time factor involved and they were not simply advocating a postponement of that formulation. They were anxious, however, that such important work should not be done in haste. The conditions of the present session and the fact that the relevant documentation had not been received in time meant that delegations were not sufficiently prepared to carry out thorough and meaningful work on the subject.

The meeting rose at 1 p.m.